

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 3893 - HB 3728

March 1, 2010

SUMMARY OF BILL: Decreases from 50 to 40 percent the amount the district attorney general or the court clerk may retain for collecting unpaid fines, court costs and litigation taxes to defray the cost of collection.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – Net Impact - \$689,500

Decrease Local Revenue – \$733,100

Other Fiscal Impact – Approximately \$2,234,900 in revenue will be shifted from the court clerk's office to other county funds.

Assumptions:

- According to the District Attorneys General Conference (DAGC), the 2nd Judicial District is the only district participating in the fines and costs collection program. There are seven positions that are funded entirely from the revenue received from their efforts with the collection program. No state sales tax appropriation is used for this program in the district attorney's office. In FY09, the DAGC spent \$454,752 for positions in the 2nd Judicial District and retained \$435,902 from collections. Estimate assumes a 10 percent decrease in the amount of money that the district attorney general may retain from collection unpaid fines, court costs, and litigation taxes will result in a decrease in state revenue of approximately \$43,590.
- Data regarding the amount of fines, court costs, and litigation taxes currently retained by the court clerks is unavailable. Based on a survey completed September 2008, an estimated \$84,800,000 is collected each year.
- Approximately 70 percent of assessments remain unpaid after six months (\$59,360,000).
- Forty-seven counties assess at a rate below 40 percent and will not be impacted by this legislation. The remaining 48 counties currently assess at the 50 percent rate and will have a decrease in revenue of \$5,936,000 (\$59,360,000 x 10% reduction). Of this amount, 50 percent will not be collected as a result of a reduction in resources and personnel currently utilized to collect delinquent assessments resulting in collections of \$2,968,000 (\$5,936,000 x 50%).
- Based on information received from Putnam County on the September 2008 survey, approximately 20 percent of the total estimated collections will go to the state (\$2,968,000 x 20% = \$593,600); 33 percent will go to the county (\$2,968,000 x 33% =

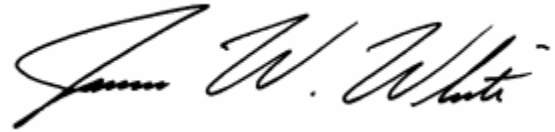
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\$979,440); and 47 percent will go to various department, agencies, and designated funds (\$2,968,000 x 47% = \$1,394,960). Estimate assumes approximately 10 percent of the 47 percent divided among various departments and agencies will be allocated to the state (\$1,394,960 x 10% = \$139,496) and the remaining \$1,255,464 (\$1,394,960 - \$139,496) will be allocated to various county funds.

- The decrease in local government revenue estimated at \$733,096 will result in an increase in state revenue of the same amount. Approximately \$2,234,900 in revenue will be shifted from the court clerk's offices to other county funds.
- The net impact to state revenue is an increase of \$689,506 (\$733,096 - \$43,590).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible.

James W. White, Executive Director

/lsc